



20 July 2020

Pensana Rare Earths Plc

EPCF Heads of Agreement for Longonjo Project

Pensana Rare Earths Plc (LSE:PRE ; ASX:PM8) (the “Company”) is pleased to announce that it has entered into a heads of agreement with China Great Wall Industry Corporation (“CGWIC”) for the purposes of co-operating together for the Company’s rare earths Longonjo Project in Angola.

CGWIC is a company with expertise and experience in international engineering which is actively engaged in a range of engineering projects in Africa.

The Company intends to proceed with an engineering, procurement, construction and financing (“EPCF”) model for the development of its Longonjo Project to ensure that the design and construction of the processing plant and associated infrastructure is funded through a single arrangement.

The heads of agreement establishes the framework for the Company and CGWIC to work together to negotiate and engage in discussions for CGWIC to be engaged as the contractor for the purposes of the engineering, procurement and construction works for the Longonjo Project and for the Company to procure financing for these project works.

The heads of agreement contemplates that the Company will seek the proposed debt financing component of the EPCF to be obtained from commercial banks in China with credit insurance from SINOSURE. The Company will seek to obtain such finance on the following indicative terms:

- debt funding to cover no more than 85% of project development costs (Company to be responsible for funding the remainder); and
- the term of the facility will depend on the particular terms from commercial banks and the life cycle of the project, but is not expected to exceed 8-10 years.



Pensana Chairman Paul Atherley commented:

“We are delighted to enter into this heads of agreement with CGWIC. With Angolan Presidential approval and backing from the Angola sovereign wealth fund, Pensana is rapidly developing Longonjo as the first major rare earths mine to be brought online in over a decade to help meet the rapidly growing demand for the magnet metals critical for electric vehicles and offshore wind turbines and a range of other applications important for the transition towards a green economy.

CGWIC brings to the project a successful track record in major project development in Angola and funding from China. We are very much looking forward to working harmoniously with CGWIC and achieving important outcomes for Angola, CGWIC and Pensana’s shareholders.”

~Ends~

For further information:

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Authorised by the Board of Pensana Rare Earths Plc



About Pensana Rare Earths

Pensana Rare Earths Plc is a junior mining company listed on the main board of the London Stock Exchange and ASX. The Company has an experienced mine development team that is rapidly developing the large and high-grade rare-earths mining project located at Longonjo near Huambo, Angola.

The Company has recently received Angolan Presidential approval and financial backing from the Angolan sovereign wealth fund to develop the Longonjo Project as the world's first major rare earth mine to be brought online in over a decade to help meet the rapidly growing demand for the magnet metals critical for electric vehicles and offshore wind turbines and a range of other applications important for the transition towards a green economy.

About China Great Wall Industry Corporation

CGWIC has been established for 40 years and has abundant experience in international trade, engineering, construction over a wide range of domestic and international projects.

Angola is an important market for CGWIC where it cooperates with government enterprises in the areas of aerospace, telecommunications and major engineering and construction projects.

Forward looking statements

This announcement may contain "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of



the Company, including amongst other things, United Kingdom domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its respective affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014